



Abt Associates Inc.

memorandum

Housing and Community Revitalization

Date March 31, 2003

To Honorable Dickinson Debevoise
Gustav Heningsburg, Special Master
Zinnerford Smith, Chairman, Board of Commissioners
Harold Lucas, Executive Director
Oliver Lofton, Esq., General Counsel, NHA
Jon Dubin, Esq, Plaintiff Counsel
Peter O'Connor, Plaintiff Counsel
Kevin Walsh, Plaintiff Counsel
Karen Torian, Newark Housing Authority
Donnell Brown, Newark Housing Authority

From MaryAnn Russ, Abt Associates

Subject Mobility Opportunity Program - Draft

The development projects that received tax credits in the most recent round of awards from HMFA have been brought to an abrupt halt by the lawsuit brought by the Fair Share Housing Center. Without addressing the merits of that suit at all, this memorandum presents an idea that will help to achieve desegregation and deconcentration in connection with at least some of those tax credit developments.

In response to the request from Judge Debevoise, I have designed the following Mobility Opportunity Program, which could be implemented not only by NHA, but also by any Housing Authority that is a HOPE VI recipient. In summary, the goal of the program is to help Section 8 recipients to move to areas that are not racially, ethnically nor economically impacted. For such an effort to be successful program rents must be high enough to place housing within affordable ranges and families must be provided with sufficient information about the opportunity areas that they can make informed choices.

It should be acknowledged that not all families will be able to benefit from such a program. Families whose support systems (e.g. child care or health care) or whose employment is located in a central city would not be able to move to some opportunity areas unless they possessed a reliable car. Indeed, the lack of public transportation may be the single biggest practical roadblock to these moves. One further roadblock that can be more easily overcome relates to the attitude and willingness families have to venture into areas with which they are unfamiliar. To the extent the areas can be made familiar, some families may be more open to moving.

This program will not resolve the larger issue that Mr. Heningsburg pointed out in the post-hearing meeting in Judge Debevoise's jury room: the redevelopment of many privately owned project-

based section 8 developments will be stymied by Mr. O'Connor's suit, effectively condemning the residents of those developments to either give up subsidized housing or continue to live in progressively shabbier properties¹.

Mobility Opportunity Program

Presented below are a series of steps. Several of these can take place simultaneously, but the mapping in step one must come first.

1. Using 2000 Census data, prepare a series of maps of SMSAs or other appropriate market areas showing census tracts with various percentages of rental units available by rental ranges expressed as percentages over 100 percent of Fair Market Rents, overlaid by data about racial, ethnic, and economic concentration. The opportunity areas would be those census tracts with significant amounts of affordable housing that are not racially, ethnically, or economically concentrated. These maps are for the use of the PHA with concentrated housing.

As soon as the maps are available, raise the payment standard to 119 percent of Fair Market Rent and apply to HUD for higher payment standards as justified by the map data. HUD has approved opportunity rents up to nearly 160 percent of Fair Market Rents in some cases.

A further refinement that would make the maps more valuable would be an overlay of the public transportation routes. New Jersey has much better public transportation than many areas, but not all areas are served.

2. Contact all agencies that administer Section 8 in the mobility opportunity areas identified. Explain the Mobility Opportunity Program's purpose – to help Section 8 recipient families relocate to areas of lower racial, ethnic and economic concentration. Cooperation is essential because the opportunity rent structure must be adopted by the receiving PHA as well as the sending PHA. For example, if a family locates housing within the opportunity rent in Union County, the PHA there must grant the opportunity rent for the housing to be affordable.

If the receiving PHA can absorb families porting in², the sending PHA, in effect, gets the voucher back to issue to a new family from the Section 8 waiting list. If the receiving PHA cannot absorb the families, the administrative fee is split between the sending and receiving PHAs in a way that reflects their ongoing level of effort.

A second point upon which coordination is key relates to participating landlords. Every PHA that administers the Section 8 program is always trying to recruit additional landlords, but sharing landlord lists would keep the sending PHA from reinventing the wheel and focusing its efforts cost effectively. This landlord recruitment effort also benefits the receiving PHA.

3. Begin additional landlord recruitment in the opportunity areas. In some cases, increasing the rents to 120 percent of Fair Market Rents will be all that is necessary to attract new landlords. When we first began Mobility Counseling in Newark in 2000, available rents were at significantly lower levels.

¹ The owners of these properties are not Section 8 program administrators so the Mobility Opportunity Program will not help them.

² In other words, the receiving PHA accepts the porting family into their Section 8 program – that is what is meant by 'absorbing' the family.

4. Develop a mailer that will be given to new Section 8 voucher holders and to all current voucher recipients in the 9th month of their current leasing years. The mailer would explain the Mobility Opportunity Program and point out that current voucher holders have the right, under program rules, to relocate at the end of their lease term, so long as they are lease compliant and provide proper notice.

Current voucher holders are more likely to make mobility moves than are first time voucher recipients, because current participants have generally mastered the ins and outs of the private rental market and such issues as paying their own utilities. For the mobility program to be of optimal value to these families, it is critical that they be informed about it in time to locate a unit and give their current landlord sufficient notice to reclaim their security deposit. They must also notify the PHA of their mobility move.

5. Develop a profile of families who are likely to be able to use a Mobility Opportunity Voucher - characteristics such as employment of family head or other adult, ownership of a reliable automobile, children who are school age, no family members with serious or chronic health problems, etc. have been significant predictors of success in other mobility programs. Mobility Opportunities would be offered to all voucher holders, but these families are more likely to be able to benefit.

6. For each opportunity area, work with the local PHA to package information families will need on such topics as schools, employment and job training opportunities, public transportation, child care, and other social services families may need. It will be important to make clear exactly how a person who moves to an opportunity area could get back to the original area if they are currently employed there. The mobility program becomes pointless if people lose their jobs because of moving.

7. Establish an advisory board of agencies and organizations that deliver services in the mobility areas and between the central city and the mobility area. The advisory board has two functions - to carry information from its members back to their agencies about the mobility opportunity program, and to provide information to the PHAs that will improve their ability to do better information and referral services.

8. Develop and implement a mobility opportunity information session that would be offered twice each month to interested families. (One monthly session would be offered in the daytime and one in the evening). The session would explain the Mobility Opportunity Program and would use marked county maps to identify mobility areas. Families would be told how and when they could obtain additional information about neighborhoods in which they have interest. Portability would be explained. Special emphasis will be placed on two program areas - rent reasonableness and the forty percent of adjusted income maximum rent limitation. If a van is available, the information session could be followed by a regularly scheduled monthly tour for interested families (based on demand).

Rent reasonableness is designed to prevent HUD (and the taxpayer) from over-subsidizing housing. It requires the PHA administrator to determine the rent charged for a comparable unsubsidized unit and the subsidized rent cannot exceed this amount. It should probably be noted at this point that rent reasonableness generally prevents the use of higher rents in areas of racial, ethnic or economic impaction because market rents tend to be lower in these neighborhoods. This

is the intended effect since prior to this requirement the Section 8 program had an inflationary effect on rents in marginal neighborhoods.

The forty percent limitation is a statutory limit on the percentage of adjusted income families are permitted to commit to rent at the point of initial lease-up. The regulations stipulate that no family may rent a unit whose gross rent (rent to the landlord plus the utility allowance) is greater than the maximum housing assistance payment plus forty percent of the family's adjusted monthly income. The maximum housing assistance payment is the payment standard less thirty percent of adjusted monthly income or minimum rent, whichever is higher. Thus, a family is permitted to pay more than thirty percent of monthly adjusted income, but not more than forty percent.

9. Establish goals, timetables and benchmarks against which the success of the mobility opportunity program can be measured. Goals would relate to landlord recruitment, as well as families making mobility moves. Establish a feedback loop for program revision based on actual experience.

10. Set up a tracking system that will show the racial, ethnic and economic concentration of the locations where all voucher holders live, all mobility moves, with profiles of the families who have moved, and the location shifts over time. Track progress against the goals, timetables and benchmarks established in step 8. Add monitoring of this component to Abt's responsibilities.

11. Apply for additional housing choice vouchers should any become available. In the current budget year this looks like a vain hope, but future years may, once again, include some new assistance.